



# U.S. Small Business Administration

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SBA Michigan District Office



# What is the SBA?

## A Federal Agency that Helps Entrepreneurs:

- **Start a Business**
- **Stay in Business**
- **Grow their Business**

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# Program Areas

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- **Small Business Counseling**
- **Financial Assistance**
- **Government Contracting**

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# Entrepreneurial Development

Funded by the SBA to Provide Free Assistance

## Michigan Small Business & Technology Development Centers (MI-SBTDC)

### Services:

- **Business Plan Assistance**
- **Finding Sources of Capital**
- **Researching and Preparing a Marketing Plan**
- **Ensure the Business Complies with Local, State and Federal Regulations**
- **Specialized Services for Technology based businesses**
- **[www.gvsu.edu/misbtdc](http://www.gvsu.edu/misbtdc)**

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# Entrepreneurial Development

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## SCORE

### “Counselors to America’s Small Businesses”

- **SCORE is a national professional association sponsored by SBA, which offers:**
  - **Free, one-on-one technical and managerial assistance**
  - **Low cost training programs.**
- **SCORE has 48 locations in Michigan and more than 350 counselors.**
- **[www.score.org](http://www.score.org),  
[www.scoremichigan.com/](http://www.scoremichigan.com/)**



# Financing Assistance

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## 7(a) Guaranty Programs

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- **Borrower works with the Bank, not the SBA**
- **SBA guarantees the Bank from losses**

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# Financing Assistance

## SBA Guaranteed Loans Used for:

- Purchase Equipment, Supplies, Real estate, Another Business
- Long term Working Capital
- Start a New Business
- Add staff
- Lines of Credit may be guaranteed under the Express loans

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# Small Business - Statutory goals

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- 23% of all prime and subcontracts for small businesses (SB)
- 5% of prime and subcontracts for small disadvantaged businesses (SDB) including 8(a)
- 5% of prime and subcontracts for woman owned small businesses (WOSB)
- 3% of prime and subcontracts for Historically Underutilized Zone small businesses (HUBZone SB)
- 3% of prime and subcontracts for service disabled veteran-owned small businesses (SDVOSB)

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# What Determines “small” ? (First Criteria)

- Only SBA determines size.
- “A business entity organized for profit, with a place of business located in the United States, and which operates primarily within the United States or which makes a significant contribution to the U. S. economy through the payment of taxes or use of American products, material or labor”

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# What Determines “small” ?

(Second Criteria)

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**North American Industry  
Classification System Code  
(NAICS Code)**

**<http://www.sba.gov/size/>**

**Manufacturer, Wholesaler =  
# Employee**

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**Services = Annual Gross**



# Certification

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- **Federal Contracts**

- Small Business (self-certify)
- Woman-owned Small Business (self-certify)
- Veteran-Owned Small Business (self-certify)
- Service-Disabled Veteran Owned Small Bus (self-certify)
- Small Disadvantaged Business (self-certify)

  

- 8(a) Program (pre-certification)
- HUBZone Small Business (pre-certification)

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# Set Aside Programs

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- **Five Set Aside categories:**
  - Small Business Set Asides (SBSA)
  - SBA 8(a) Set Asides
  - SBA Hubzone Set Asides
  - SDVOSB Set Asides
  - WOSB Set Asides

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# 8(a) Business Development

## Program

- Named for a section of the Small Business Act
- Business development program
- Help small disadvantaged businesses compete in the American economy

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## **8(a)BD Program Objectives**

**13 CFR 124**  
“to promote the business development of small business concerns owned and controlled by socially and economically disadvantaged individuals...”

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“to promote the competitive viability of such concerns...”

“to clarify and expand the program for procurement by the United States...”



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# **8(a)BD**

# **Contracting**

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A requirement is offered to the 8(a)BD program by federal procuring agencies as a result of **aggressive self marketing** on the part of the 8(a)BD firm.

Very few open requirements are offered to the 8(a)BD program.

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# ***Eligibility***

# ***Criteria***

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# *Social Disadvanta ge*

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Help  
start  
businesses  
succeed.

***Socially disadvantaged***  
individuals are persons  
who have been  
subjected to racial or  
ethnic prejudice or  
cultural bias because of  
their identities as  
members of groups,  
without regard to  
individual qualities.





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**Individuals are presumed to be socially disadvantaged if they are a U.S. *Citizen* and a member of one of the following groups:**

- Asian Pacific American
- Black American
- Hispanic American (*includes individuals of Spanish & Portuguese descent*).
- Native American
- Subcontinent Asian American

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## **Persons not members of designate groups must:**

- Establish their case by a preponderance of the evidence;
- The disadvantage may stem from race, ethnic origin, gender, physical disability, long term environmental isolation, or other similar causes;
- The applicant must have personally suffered disadvantage in the United States;
- The disadvantage must be substantial & chronic;
- The discrimination must have negatively impacted on business advancement .





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# *Economic Disadvanta ge*

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***Economically disadvantaged***  
**individuals are socially  
disadvantaged persons  
whose ability to compete in  
the free enterprise system  
has been impaired due to  
diminished capital and  
credit.**



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## Personal Net Worth

**criterion:**

**After excluding the individual's equity in the firm and equity in the primary residence, net**

~~worth~~ **PERSONAL NET WORTH**

**\$250,000.00** less: equity in primary residence

Less:

Equals

equity in business

adjusted net worth  
*(which must not exceed*

**\$250,000)**





# ***Ownership & Control***

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Must be majority  
owned and  
controlled by  
disadvantaged  
individual

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# **Potential for Success**

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## Factors considered:

- Proof of two years operation in the firm's primary industry as verified by revenues reported in business tax returns.
- Financial capability: sufficient capitalization, financial performance, bonding capacity, manageable debts.
- Managerial and Technical capability: performance on previous contracts, firm has the necessary personnel, licenses, certifications, facilities, prior experience.

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- Management capability: Education, experience and training of CEO and other managers, magnitude and complexity of past/current jobs, management systems.
- Qualifications for ability to perform on Federal contracts: relevant contracting experience, ability to meet Federal procurement policies.

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# Good Character

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# What shows lack of good character?

- Adverse information regarding possible criminal conduct by the applicant or its principals.
- Violations of any SBA regulations.
- Debarred or suspended individuals or firms.
- Applicant firms and principals that lack business integrity as shown by an indictment, guilty plea or civil judgment.
- Any principal who is incarcerated or on parole or probation.
- Evidence that the firm knowingly submitted false information during the application process.
- Any firm or any of its principals that fail to pay financial obligations to the Federal Government.



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# ***Ineligible Businesses & Individual Disqualification***

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- Ineligible businesses: brokers\*; debarred or suspended persons or concerns; nonprofit organizations. Franchises may be allowed contingent upon SBA review of the franchise agreement.
- A business may participate only once. Even if ownership and control has completely changed, firm may not re-apply.
- Any person who has used his/her disadvantaged status to qualify another firm shall be regarded as non disadvantaged.

\* *A broker is a concern that adds no material value to an item being supplied to procuring activity or which does not take ownership or possession of or handle the item being procured with its own equipment or facilities.*

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## Requirements for Certification by SBA

- 1. Small Business Located in a HUBZone**  
**<http://www.sba.gov/hubzone>**
- 2. Majority Owned & Controlled by U.S. Citizen/s**
- 3. At least 35% employees reside in a HUBZone**

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## Benefits Of HUBZone Program

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- **Sole Source Contracts (<\$4.0M services, <\$6.5M Mfg)**
- **Restricted Competition (Any \$ amount, 2 or more)**
- **10% price evaluation preference in F&O Competition**

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# Women-Owned Small Business (WOSB) Federal Contract Program

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# Overview of Women-Owned Small Business program



The Women-Owned Small Business (WOSB) program authorizes contracting officers to **set aside certain federal contracts** for eligible:

- Women-owned small businesses (WOSBs) or
- Economically disadvantaged women-owned small businesses (EDWOSBs)



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# Requirements for WOSB and EDWOSB Set Asides

Contracting officers may set aside contracts for WOSBs and EDWOSBs if they meet the following requirements:

	<b>WOSB Set Aside</b>	<b>EDWOSB Set Aside</b>
Industries	<ul style="list-style-type: none"><li>NAICS code assigned to solicitation, IFB or quote is in an industry in which WOSBs are <b>substantially underrepresented</b> (38, 4-digit NAICS designated)</li></ul>	<ul style="list-style-type: none"><li>NAICS code assigned to solicitation, IFB or quote is in an industry in which WOSBs are <b>underrepresented</b> (45, 4-digit NAICS designated)</li></ul>
Rule of two	<ul style="list-style-type: none"><li>Contracting officer has reasonable expectation that <b>2 or more WOSBs will submit an offer</b></li></ul> <p>* Note: All EDWOSBs are WOSBs</p>	<ul style="list-style-type: none"><li>Contracting officer has reasonable expectation that <b>2 or more EDWOSBs will submit an offer</b></li></ul> <p>* Note: Not all WOSBs are EDWOSBs</p>
Award price	<ul style="list-style-type: none"><li>Anticipated award price <u>including options</u> does not exceed the statutory thresholds of <b>\$6.5M for manufacturing</b></li><li>Contract can be</li></ul>	<p>A complete list of applicable NAICS codes can be found at <a href="http://www.sba.gov/edwosb">www.sba.gov/edwosb</a></p>



# Eligibility Requirements for WOSBs

- Meet **small business size standard** for primary NAICS code and contract
- At least **51% unconditionally and directly owned by women** who are **U.S. citizens\***
- The woman must manage the **day-to-day operations**
- The woman must make the **long-term decisions** for the business
- A woman must **hold highest officer position**
- The woman must work at the business **full-time during normal working hours**
- No minimum amount of time** the business has been operational

\*We do not consider community property laws when looking at ownership.

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# Eligibility Requirements for EDWOSBs

Same requirements as WOSBs (on previous page) PLUS:

- Personal net worth** (assets minus liabilities) **is less than \$750,000** excluding:
  - Ownership in business and primary personal residence
    - Income reinvested or used to pay taxes of business
    - Funds reinvested in IRA or other retirement account\*
    - Transferred assets within two years if to or on behalf of immediate family member for select purposes\*\*
- Adjusted gross income average over three years is \$350,000 or less** excluding:
  - Income reinvested or used to pay taxes of business
- Fair market value of assets is \$6 million or less** excluding:
  - Funds reinvested in IRA or other official retirement account
    - \* Must be IRA or other official retirement account that is unavailable until retirement age without significant penalty

\*\* Select purposes are for that individual's education, ~~medical~~ expenses or other essential support or to family member  
In recognition of special event

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# WOSB program certification

There are two ways to certify for the WOSB program:

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## Self Certification

- Free, no cost
- Register in CCR as WOSB or EDWOSB
- Compile and upload all required documents to the repository
- Represent status in ORCA

## Third Party Certification

- Register in CCR as WOSB or EDWOSB
- Obtain certification from an SBA-approved Third Party Certifier
  - **Note: At this time, SBA has not approved any Third Party Certifiers**
- Compile and upload all required documents to the repository



# 5 Steps to participate in the WOSB program

- 1 Read the WOSB Federal Contract program regulations in the Federal Register and the WOSB Compliance Guide
- 2 Register in Central Contractor Registration (CCR) as WOSB or EDWOSB
- 3 Log onto SBA's General Login System (GLS)  
*\*Obtain an account now if you don't already have one*
- 4 Go to the WOSB program repository and upload / categorize all required documents



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# Questio ns?

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